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**FTAA - COMMITTEE OF GOVERNMENT REPRESENTATIVES ON THE PARTICIPATION
OF CIVIL SOCIETY**

COVER SHEET

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Organization(s) (if applicable)	International Dairy Foods Association
Country (ies) / Region (s)	United States

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ISSUES ADDRESSED (Check all that apply)

Agriculture	X	Subsidies, Antidumping and Countervailing Duties	
Competition Policy		Civil Society	
Dispute Settlement		Electronic Commerce	
Government Procurement		Smaller Economies	
Intellectual Property Rights		The FTAA Process	X
Investment		Other:	
Market Access			
Services			

EXECUTIVE SUMMARY – 2 pages maximum – (see Open Invitation):

1. These comments are filed on behalf of the International Dairy Foods Association and its three constituent organizations -- the Milk Industry Foundation, the National Cheese Institute and the International Ice Cream Association (collectively, "IDFA"), located at 1250 H Street, N.W., Suite 900, Washington, DC 20005, USA. These organizations are all nonprofit organizations that represent processors, manufacturers, marketers and distributors of a wide variety of dairy foods, including milk, cream, yogurt, dairy-based dips, cheese, and ice cream, as well as their suppliers. Our members are primarily companies with production facilities in the United States and Canada, whose products are sold around the world.

2. IDFA strongly supports a Free Trade Area of the Americas (FTAA) that would provide for open markets and free trade and investment in dairy foods and their ingredients within the region. We concur with the Ministers' view that the FTAA would "not only strengthen our community of the Americas but, by reducing and eliminating impediments to the free flow of goods, services and capital across our borders, will substantially improve the well-being of the citizens of all of our countries." In particular, open markets for sugar and dairy products would enhance the ability of the dairy foods industries to grow and meet the increasing demand for dairy foods in many of the expanding economies in the hemisphere. Both tariff and nontariff barriers to trade in these sectors, however, still exist in the region. We urge negotiation of a FTAA that provides for early, progressive elimination of all barriers in these sectors.

3. FTAA should be consistent with, but go beyond, WTO Agreements and existing FTAs. We support the view that the FTAA should be consistent with relevant WTO rules and disciplines. In keeping with the WTO requirement under Art. XXIV that a free trade area cover "substantially all the trade" in the region, we urge that the agricultural provisions ensure elimination of tariff and nontariff barriers to *all* trade in agricultural products. No exception for any agricultural product should be allowed. IDFA notes that there are several so-called "free trade agreements" in the region that today exclude free trade in the dairy or sugar sectors. These exclusions are not acceptable. All FTAA countries' dairy and sugar markets must be opened as part of the FTAA commitments.

4. We also note that the complementarity of the FTAA with WTO must not become an excuse for slowing progress of the FTAA talks. Regardless of the pace of WTO negotiations under the built-in agenda, or of a new WTO round of negotiations, progress towards an FTAA must be made as expeditiously as possible, on an independent track, and with conclusion by 2005.

5. The agricultural negotiating group is likely to be the forum for the market access issues of greatest importance to the dairy foods industry. We support the following results in that group:

6. A FTAA must provide for elimination of all agricultural export subsidies. IDFA applauds the endorsement by FTAA Ministers in the Toronto 1999 Declaration, to pursue in the WTO the elimination of export subsidies on agricultural products and the prohibition of their reintroduction in any form. We urge, however, that this objective also be embodied in the FTAA. An early agreement by FTAA Ministers to adopt this discipline to trade within the hemisphere would set a strong, positive example of the commitment that we also hope to achieve on a broader scale in the WTO. We recognize that the worst export subsidy practices in the dairy sector are by countries outside of the Western Hemisphere (i.e., the European Union), and acknowledge the difficulties of affecting competition from non-FTAA partners. We therefore urge that the FTAA rules also provide incentives and preferential treatment for non-subsidized trade from FTAA partners that competes with non-FTAA origin subsidized trade. We would not want intra-regional trade, disciplined by a prohibition against export subsidies, to be undercut by competing products from outside the FTAA that still benefit from export subsidies.

7. A FTAA must remove all tariff and nontariff barriers to trade in sugar and dairy products. As stated above, IDFA supports open markets within the FTAA region for sugar and dairy products that are free of export subsidies. This includes elimination of tariffs, tariff-rate quotas, and special safeguard duties within

the region. We note that, while tariff barriers are relatively transparent, nontariff barriers, particular technical and regulatory requirements, are increasingly prohibitive of true market access. It is important to insist that sanitary regulations be based on sound scientific evidence and objective justification. It is also important that certification and licensing requirements not be so detailed, time-consuming or nontransparent that they become effective technical barriers to trade. Dairy foods companies are increasingly facing difficulties in the region in this area, and we urge improved rules and disciplines in a FTAA. Regulatory hurdles must not be allowed to be used as disguised barriers to trade.

8. IDFA appreciates the opportunity to provide these comments. The dairy foods industry has much to gain from open and free markets in the Western Hemisphere and IDFA will support your efforts to ensure that an effective FTAA is concluded by 2005. We look forward to continuing our dialogue as the negotiations proceed.

Respectfully submitted by Janet A. Nuzum
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